



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

November 17, 2006

CERTIFIED MAIL
7002 0510 0003 8603 3820

Curtis Larkin
Gypsum Resources Development, Inc
1947 North 2050 East
Layton, Utah 84040

Subject: Reminder of Requirements of Stipulation Agreement, White Cap Mine,
S/015/047, Emery County, Utah

Dear Mr. Larkin:

On May 16, 2006, you signed a stipulation agreement with the Division, which allowed for an extension of the suspension period for the White Cap #8 mine pending the Board's ruling. During the May hearing the Board granted your extension request in conformance with the stipulation agreement. This letter is a reminder of the requirements under that agreement.


Section 3(B)(b) of the agreement states that GRD shall "complete all work necessary to file claims and otherwise perfect its rights to commence mining on the BLM lands within the permit area by November 1, 2006, execute a contract with a bona fide and licensed contractor providing for mining operations to begin prior to December 31, 2006, and provide additional surety, if any, as required by the Division."

We recently received via email (to Paul Baker) a letter, which indicated that you have finalized an arrangement with Neilson Construction to claim the reserve, make application and work the deposit. While this sounds encouraging, we are unclear whether this satisfies the terms of the settlement agreement. We understand that it may require some time to perfect the claims with the BLM. According to the agreement this was to have been completed by November 1, 2006. Likewise, it may require some time for Neilson construction to bond and make application to mine the deposit. The December 31, 2006 deadline for commencing mining operations is fast approaching. Please provide us with formal documentation of your progress in complying with the stipulation agreement. Failure to do so may void the agreement as well as the Boards granting of the extension.

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Please call me at (801) 538-5325 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is written in a cursive style with a large, looped "D" and a stylized "H".

Daron R. Haddock
Permit Supervisor

DRH/pb
cc: Mary Ann Wright
Steve Alder

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